



Kentucky



Commercial Mobile Radio Service Board

FY 2011 Annual Report

July 2010 – June 2011

*With Update of Senate Bill 119
Research by the CMRS Board.

**Kentucky CMRS Board/
Office of the 911 Coordinator**

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Message From the CMRS Board Chairman

To the Dedicated Members of Kentucky's 911 Community,

Over the past twelve months the CMRS Board has embarked on several projects to pave the path for NG911 development in the Commonwealth. Working with several very cooperative landline and wireless service providers, patient PSAPs and adventurous NG911 product vendors, several proof of concept projects are underway to establish a baseline and demonstrate, in a real world environment, the national standards developed of the past several years.

Although not always immediately successful, these small projects provide the environment to breed the successes required to properly migrate our wide variety of 9-1-1 systems and platforms in Kentucky to the next level of service delivery. This level of service is expected today and tomorrow from our tech savvy teenagers to our aging population. Both groups that will continue to push the evolution of 9-1-1 by demanding emergency service access from any device they choose.



As the Board works on technical solutions, it has also placed Kentucky in the forefront of legislative initiatives and funding collection efficiencies that is envied by our peers in other states. As we share our lessons in this area, we are obligated to press forward and refine our current processes for the betterment of all participants. This can be accomplished by learning from the past and looking into the future with optimism and hope.

The Board welcomed several new faces this year, bringing a fresh outlook that will invigorate the Board and insure our success for many more years. The role of each board member evolves over time, insuring the Board's continuation of outstanding service to Kentucky throughout our tenures. This enables the Board to insure 9-1-1 service throughout the state reaches the heights required by our users. The bar is set high; however we continue to march forward in order to fulfill the promise of Next Generation 911...

"EMERGENCY HELP. Anytime, anywhere, any device."

Sincerely,

David S. Lucas, ENP GISP
Chairman
Kentucky CMRS Board

Message From the Administrator

Steven L. Beshear
Governor



Joe Barrows
Administrator

**OFFICE OF THE GOVERNOR
KENTUCKY OFFICE OF HOMELAND SECURITY
Office of the 911 Coordinator/
CMRS Board
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Frankfort, Kentucky 40601
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To the CMRS Board Members and the Citizens of Kentucky,

Reflecting on my second full year as the Administrator of the CMRS Board (and State 911 Coordinator), I would describe the past 12 months as fast and furious. Its hard to believe that since the 'first' annual report was released in September 2010, that the second edition is due for release—that time has "passed fast."

The furious part relates to the demands upon the Board and staff in responding to continuing day to day responsibilities and in dealing with the Board's unfolding agenda.



In short, we continue to do battle in court to collect 911 service charges unremitted by some providers of prepaid cell phone service. We expect that early into FY 2012 we will have our second favorable trial court judgment and that it will be a substantial monetary award.

The Board is still engaged in the creation and awarding of an RFP to develop and deploy a Next Generation 911 network. The goal is to select the winning bid/vendor by the end of calendar year 2011.

We anticipate increasing activity in the legislative arena. The Board still wants our underlying statutory framework to be "modernized", creating an independent "Next Generation 911" Board. That debate won't happen without a serious discussion on the cost of providing 911 services and how to generate sufficient revenues to pay for those services also being part of the debate.

To that end the Board and staff are currently furiously responding to the requirements of Senate Bill 119 which passed in the 2011 session of the General Assembly. The Board was given new authority to acquire information from 911 stakeholders, and are obligated to provide that information to the LRC as they undertake a comprehensive study of the 911 system and its finances due by the end of the calendar year. I endorsed the study as a step needed to provide solid data upon which the General Assembly could make informed decisions on 911 policy issues they'll consider in the 2012 session.

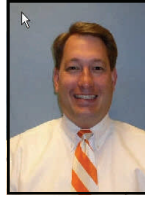
The dedication to public safety through 911 excellence evidenced by the efforts of the CMRS Board, staff, and those in the trenches continues to impress me and I appreciate all that they do.

Sincerely,

Joe Barrows
Administrator



CMRS BOARD MEMBERS



David Lucas



Joe Barrows



Charles Willis



John Bradley



Forest Skaggs



Shelby Horn



Brad Johnson



Dale Edmonson



Marsha Penney



Dan Kemp

David Lucas (Chairman) is the Director of Enhanced 911 for Lexington-Fayette Urban County Government. He serves as a representative of the Kentucky Emergency Number Association and the Association of Public Safety Communications Officials. His term expires on August 15, 2011.

Joe Barrows is the Administrator of the Kentucky CMRS Board and the State 911 Coordinator. He serves by virtue of the position.

Charles Willis is the Vice President of Telecom Services with Bluegrass Cellular. He serves as a representative of Tier III CMRS Providers. His term will expire on August 15, 2015.

Captain John Bradley serves as the Kentucky State Police Commissioner's Designee. He serves by virtue of the position.

Forest Skaggs is the Executive Director of the Kentucky Telephone Association and serves as a representative of local exchange landline telephone companies. His term expires on August 15, 2014.

Shelby Horn is the 911 Director for Jessamine County E911. She serves as a representative of the Kentucky Emergency Number Association and the

Association of Public Safety Communication Officials. Shelby's term will expire on August 15, 2013.

Brad Johnson is an Account Executive at Sprint and serves as a representative of all CMRS providers. His term expires August 15, 2014.

Dale Edmonson is the 911 Director for Campbell County Consolidated Dispatch. He serves as a representative of Directors of a certified public safety answering point operated by a local government entity or a consolidated group of local government entities. His term will expire on August 15, 2015.

Marsha Penney is a retired 911 Director with Marshall County E911 Communications Center. She serves as a representative of the Kentucky Firefighters Association, the State Association of Chiefs of Police, and the Kentucky Ambulance Providers Association. Her term will expire on August 15, 2011.

Dan Kemp is the mayor of Hopkinsville, serving to represent mayors of a city of the first or second class or urban-county government. His term expires August 15, 2012.

CMRS BOARD STAFF



Joe Barrows
Administrator



Tom Middleton
Research Analyst



Tandy Hubbard
Policy Advisor



Krista Harrod
Executive Assistant

Joe Barrows was appointed by Governor Beshear as the State 911 Coordinator and Administrator of the CMRS Board in July 2009 but his familiarity with CMRS goes back more than 10 years. Joe, an attorney from Versailles, served 27 years in the General Assembly as the State Representative from Woodford County. He served 10 years as the majority Whip and in 1998 sponsored HB 673 which created the CMRS Board and HB 656 which updated the original legislation and created the CMRS grant fund. KENA/APCO recognized Joe for a career of legislative contributions to the 911 community.

Tandy Hubbard joined the Office of the 911 Coordinator/CMRS Board in May 2005 after serving as an intern during the summer of 2004. Tandy Graduated Magna Cum Laude from the University of Kentucky in August 2005 with a Bachelor of Arts Degree in Integrated Strategic Communications with an emphasis in Geography. Tandy manages the CMRS grant program and handles the financial and office management responsibilities of the Board.

Tom Middleton joined the CMRS Staff in June 2011 as an interim employee. Tom graduated from the University of Dayton with a Bachelors Degree in History in 2009 and received a Masters Degree in Public Administration from the University of Kentucky in 2011. Tom's primary job responsibility includes obtaining and organizing the information requested in Senate Bill 119 passed during the 2011 Regular Session of the Kentucky General Assembly

Krista Harrod joined the team in June 2010 as a summer intern, and is now an Executive Assistant full-time with the CMRS Board. Krista has a Degree in Culinary Arts from Sullivan University and is currently pursuing a Bachelor of Arts in Accounting. Krista assists with the financial responsibilities of the CMRS Board and handles the day-to-day office operations.

Fiscal Year 2011 Highlights

July 2010

The Board finishes Fiscal Year 2010 with a balance in the Administrative Account of \$97,900. Total deposits for the year were \$599,036 into the Administrative Account over the time period.

August 2010

CMRS Board wins a huge victory in the TracFone case. A federal judge rules that TracFone (all prepaid provider) were obligated to remit 911 surcharges pre-2006 legislative changes, and will have to remit post-2006 once the court rules on the appropriate method to use to calculate post-2006 remittance obligations.

September 2010

David Lucas re-elected as Board Chairman. The CMRS Board releases its first comprehensive annual report. The Board receives and takes action on our most recent audits of the carriers and PSAPs. This is the last audit before a new RFP will be released for audit service as the Board hears point, counterpoint on TracFone's request for a point of sale regulation.

October 2010

Kentucky's \$100 million BTOP (Broadband Technology Opportunities Program) grant application is not awarded, which will slow the deployment of NG911 in Kentucky. The Board rejects the point of sale regulation proposed by TracFone.

November 2010

Board requests TracFone to remit 911 fees retroactively to mid-2006 based on the statutory option in KRS 65.7635 (1)(a), the option closest to the "70¢ times subscriber" formula permitted for post-paid cell phones.

December 2010

John Patterson announces his retirement from CMRS staff as the Federal 911 Grant Administrator.

January 2011

Cost Recovery Committee holds meeting with carriers to discuss cost recovery concepts and Next Generation costs and demands.

February 2011

New, improved Annual PSAP Survey is due. It contains more information items that can aid in the evaluation of the state's 911 system.

March 2011

The Kentucky General Assembly passes Senate Bill 119 which requires a comprehensive study of 911 and gives the CMRS Board additional authority to get information from 911 stakeholders to evaluate 911 costs, revenues, and funding options.

April 2011

The Board commits \$1 million in grant funds to move each county with only Basic 911 service to E911 service levels.

May 2011

Kentucky uses new survey results to respond to a federal survey of 911—less than half the states are able to respond.

June 2011

The federal judge in the TracFone case rules on how damages will be calculated and the Board submits its demand, which exceeds \$5 million.

Senate Bill 119 —CMRS Board Information

Senate Bill 119 was passed during the 2011 Regular Session of the Kentucky General Assembly. It directs the CMRS Board to gather and report data and information regarding 911 funding and costs in Kentucky by August 1, 2011 and annually thereafter.

As part of SB 119, KRS 65.7630 allows the Board to determine the information it needs to evaluate 911 funding and costs. The Board put a plan in place to acquire more information from local governments, state governmental agencies, and wireless and wireline service providers. This report contains analysis of the new information the Board has acquired in response to SB 119 requirements.

In addition to the information provided in this section, additional information on the use of CMRS Board funds to local governments and local 911 wireline surcharges is located in the Appendix (notably Appendix Parts C, D, and E).

I. Local Government Survey

The CMRS Board requires PSAPs to respond to an annual survey to re-certify and be eligible for CMRS disbursements. The 2011 surveys were received by May of 2011, and include some information on PSAP revenues and expenditures. After the passage of SB 119, the Board staff and the LRC Program Review staff both concluded that the survey results are insufficient to fulfill the reporting requirements of SB 119.

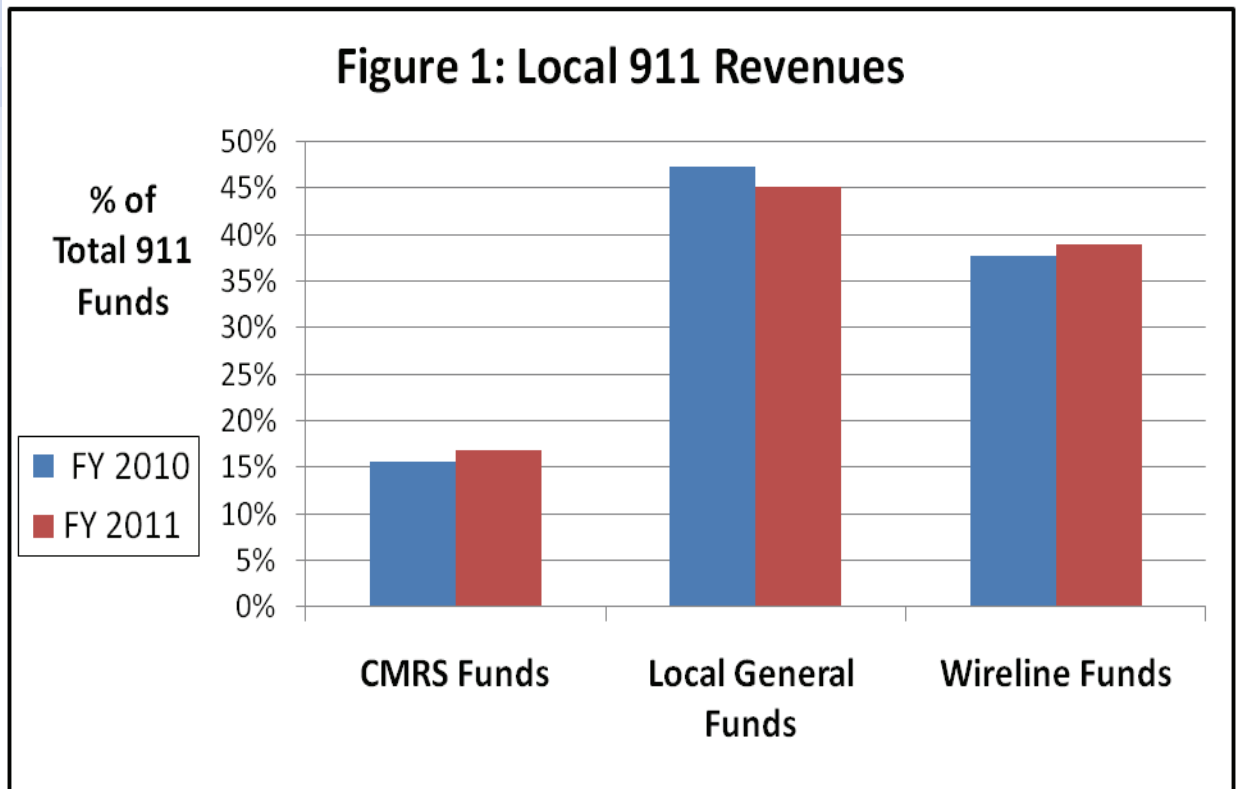
Consequently the CMRS Board conducted a sampling of 21 local governments to better understand local funding and costs of 911. The results are meant to indicate the statewide local 911 funding issues, since the counties selected represent various geographic regions, populations, and contracts with phone companies across Kentucky. The goal of the CMRS Board is to include the sampling questions in the CMRS Annual PSAP survey, so as to more effectively meet future deadlines set in SB 119 (now KRS 65.7630).

The Board received responses from 16 of the 21 counties surveyed. The following figures demonstrate the aggregated answers to survey questions thus far.

A. Local 911 Revenues

First, it is helpful to consider the revenues that local governments receive or appropriate to fund 911. Figure 1 represents different revenue sources by the percentage of total revenues for 911 in local governments.

The results of Figure 1 indicate that local governments fund around 80% of 911 services through local funds—as a combination of local General Funds and wireline funds. CMRS Board funds only accounted for around 15% of total revenues for 911 in Fiscal Years 2010 and 2011.

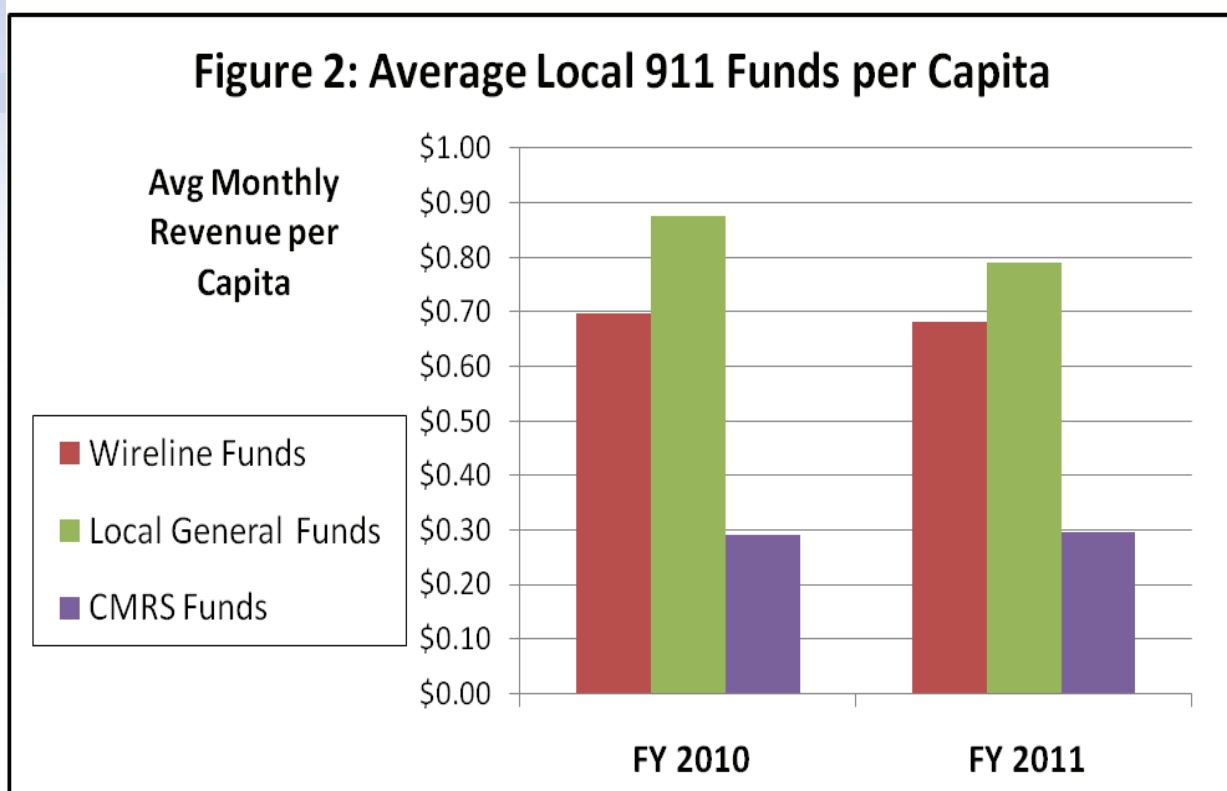


Another way to consider 911 funding can be done by observing the monthly dollar value dedicated to 911 across the sampled jurisdictions. Figure 2 displays the information we have received, using a per capita average to account for population disparities across counties surveyed.

Figure 2 shows that CMRS funds only made up around 30¢ per capita monthly, wireline funds accounted for roughly 70¢, and local General Funds funded approximately 80-85¢ monthly.

The results presented in both Figure 1 and Figure 2 suggest two noteworthy 911 funding assertions, if the data is representative of all local governments in Kentucky:

- **Counties and cities spend more local General Funds on 911 than wireline funds, and almost triple the CMRS funds received per capita, and**
- **Wireline funds account for significantly more revenue than wireless funds.**
- **Total wireline funds statewide for Fiscal Year 2011 = \$30-\$35 million.**
- **Total wireless funds statewide for Fiscal Year 2011 = \$24 million.**

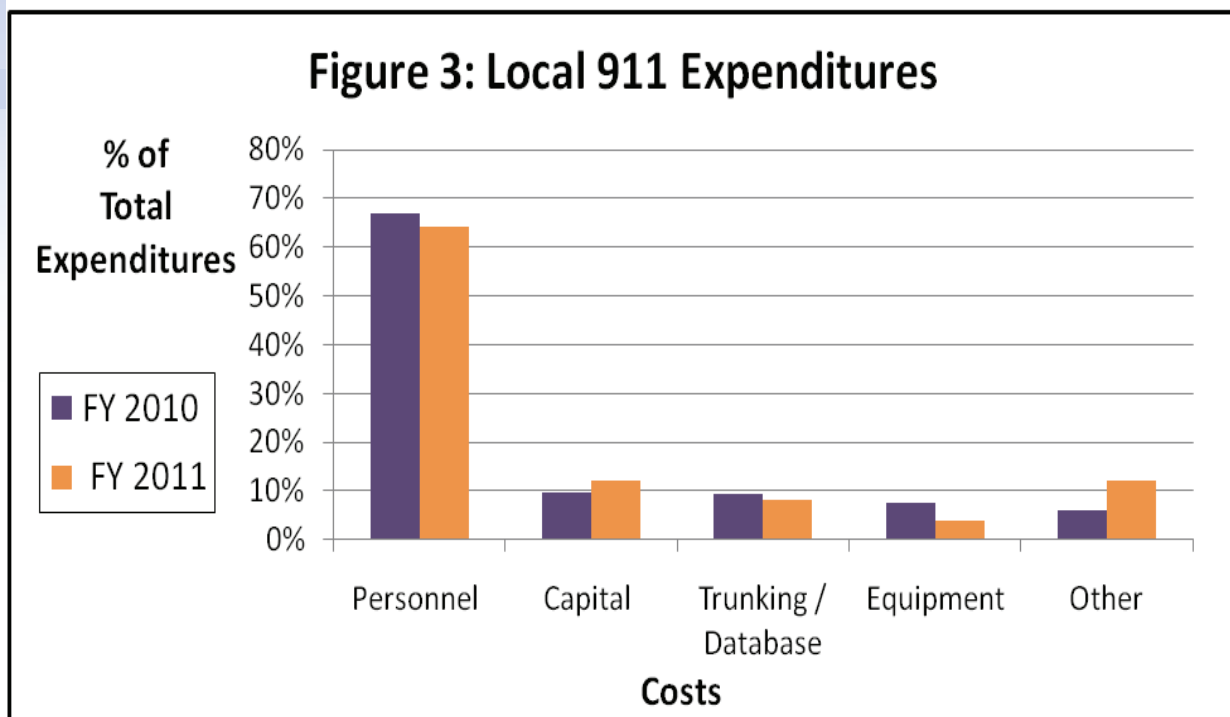


B. Local 911 Expenditures

In addition to questions on 911 revenues, the survey included questions about how 911 revenues were spent at the local PSAP level to ascertain what the costs are to provide 911 service throughout the state.

Before discussing the results, it should be noted that these costs characterize **local government costs**, and consequently other state government costs are not evident in the data below. A couple examples of state costs include (1) the CMRS Board's NG911 network being implemented, and (2) Kentucky State Police equipment costs not charged to local governments for PSAP service.

Figure 3 shows that personnel costs made up a majority of 911 expenditures in FY 2010 and FY 2011, at approximately 70% of all costs. Capital expenditures and trunking or database costs accounted for around 20% of the other costs. Equipment and other costs made up the remaining 10% of total expenditures over these two fiscal years.



C. Local Government Survey--Limitations of Data

Please note that these results are preliminary and may not reflect the statewide local funding and costs in Kentucky. Especially lacking was data from Eastern Kentucky, as only one of the surveyed counties from that region responded. The counties that did respond, however, did represent various local populations in Kentucky. Additionally there was a mixture of responses from counties that had PSAPs operating under different authorities, whether by county, city, regional 911 Boards or KSP posts.

This data on revenues and expenditures needs additional verification in order to have a more confident assessment of funds received and appropriated on behalf of 911 services in local governments. The 911 operations are not organized and conducted the same in every county in Kentucky, and so the survey results may not reflect the quantitative figures that are implicated and displayed in the above figures.

Senate Bill 119 —CMRS Board Information (continued)

II. Provider Information Request

In September of 2011, the CMRS Board distributed an Information Request to all wireless and wireline providers operating in Kentucky. The responses were due by November 1st; however, some providers expressed that they needed more time. As of December 21, 2011, the CMRS Board received responses from

- 20 Incumbent Local Exchange Carriers (ILECs) of 20 in Kentucky
- 78 Competitive Local Exchange Carriers (CLECs) of 180 in Kentucky
- 37 wireless companies of 40 in Kentucky

CMRS Board staff considers the data received to reflect at least 95% of both the wireless and wireline markets in Kentucky. The information is mostly complete because, while there are many CLECs registered to do business in Kentucky, their market share of wireline service is small, and many of the non-responding companies likely either do not conduct business in Kentucky or are no longer operating as a business at all. Wireless responses were very high, and **all but one** of the major service providers responded to the request.

Wireless Analysis

All wireless companies that have registered with the CMRS Board were mailed the information request. A range of 40 to 50 companies is estimated to have been contacted because affiliated and subsidiary companies remitted to the Board separately at times, while later remitting aggregated amounts. There are likely some wireless providers who no longer provide service or conduct business in Kentucky, so CMRS staff believes that the response rate characterized close to 100% of wireless subscribers in Kentucky, aside from one major provider not responding.

1) CMRS Board's Position on Cell Phones and the 911 Surcharge

The CMRS Board holds to the principle that every cell phone device capable of initiating an emergency 911 call should contribute to the support of the 911 system AND that level of support should be the same per phone regardless of whether the phone uses prepaid minutes, postpaid minutes or free minutes.

There is no difference in the functionality of a phone or its demand on the 911 system based on the type of minutes used—so there is no rationale for having a different level of support based on the type of minutes used.

Original CMRS legislation provided for a 70¢ surcharge on each CMRS connection (cell phone) per month without differentiating between prepaid and postpaid devices and thus established the Board's position.

Senate Bill 119 —CMRS Board Information (continued)

2) Wireless Subscribers and 911 Surcharge Revenues--Background

The number of cell phones in Kentucky grew at a steady pace in the first decade of the CMRS Board's existence (1999-2009). CMRS fund revenues grew annually as a result—as did the level of support to local 911 service through the distribution of CMRS funds. The great majority of subscribers were postpaid or contract subscribers with “monthly plans” for which they received bills from the companies that provide the wireless service. The provider simply adds the 70¢ surcharge to the customer's monthly bill and thus collects the surcharge. The provider remits the fees collected directly to the CMRS Board monthly. There is a high rate of compliance with this simple wholesale collection process which continues today.

The table below shows the growth in number of wireless subscribers, CMRS fund revenues and PSAP ‘pro rata’ support over time.

	<i>KY Wireless Subscriber Count (June)</i>	<i>Total CMRS Collections (911 Surcharge)</i>	<i>Pro Rata Payment (May)</i>
<i>FY 2001</i>	1,223,151	\$ 15,772,209.00	\$ 8,586.13
<i>FY 2002</i>	1,452,967	\$ 16,255,019.00	\$ 9,309.05
<i>FY 2003</i>	1,580,522	\$ 13,391,366.00	\$ 10,608.95
<i>FY 2004</i>	1,841,056	\$ 14,656,350.00	\$ 9,062.14
<i>FY 2005</i>	2,065,799	\$ 15,916,000.00	\$ 9,862.05
<i>FY 2006</i>	2,340,040	\$ 17,621,358.00	\$ 14,981.19
<i>FY 2007</i>	2,773,044	\$ 19,982,055.00	\$ 19,421.78
<i>FY 2008</i>	2,993,857	\$ 22,101,495.00	\$ 20,361.90
<i>FY 2009</i>	2,964,422	\$ 24,605,580.00	\$ 19,030.65
<i>FY 2010</i>	3,282,722	\$ 23,963,736.00	\$ 21,662.67
<i>FY 2011</i>	3,383,672	\$ 24,777,652.00	\$ 20,010.55

The wireless market also has a business model described as ‘prepaid services’ where the customer buys air time minutes (usually at a retail store via a phone card) and does not have a contract with the service provider and does not receive a bill for services.

After initially remitting the 911 fee, many providers of prepaid services decided unilaterally that the surcharge did not apply to their prepaid subscribers and ceased remitting the 911 surcharge to the Board. This led to amendments to the statute in 2006 which allowed providers of prepaid services to calculate the 911 fee remittance obligation differently with respect to their prepaid subscribers.

It also led to the Board filing lawsuits to collect unremitted fees from two companies that provided prepaid service exclusively as their business model*. It was evident that these companies stopped remitting 911 fees. The issue in court was whether the providers of prepaid services were obligated to remit the fee under the statute as originally written.

**1) See CMRS Board vs. Virgin Mobile –Jefferson Circuit Court, No. 08-10857*

2) See CMRS Board vs. TracFone Wireless, Inc. -U.S. District Court, Western District of Kentucky, Civil Action No. 3:08-CV-660-H

Senate Bill 119 —CMRS Board Information (continued)

Because providers of wireless service that have both prepaid and post paid subscribers were not required to report fee remittances separately, it is unclear which of these companies stopped remitting for prepaid subscribers or how much revenue may have been lost to the system as overall remittances (revenues) continued to increase as the number of cell phone users (both prepaid and postpaid) increased.

After consistent growth for 10 years, the total number of wireless subscribers has leveled off as the market nears saturation. Kentucky has about 3.4 million wireless subscribers in a state population of 4.3 million.

Consequently CMRS revenues from 911 fees have remained level for the last three fiscal years at around \$24 million resulting in a level of support to local 911 services that has not increased during that time. In fact, as more PSAPs have become certified the pie has been cut into more pieces and the level of pro rata support has decreased in the last year.

Moreover, in Kentucky (and in the nation) the number of prepaid subscribers is growing as a percentage of the overall cell phone subscriber count. This hurts CMRS revenue totals in the current 911 fee model, as will be shown in more detail.

3) Wireless Subscribers and 911 Surcharge Revenue—Today

Today, roughly 78% (2,652,000) of wireless subscribers are postpaid and remitting a 911 fee of 70¢ monthly while 22% (748,000) are prepaid subscribers that remit substantially less in support on a per device basis.

If you compare revenues from prepaid devices to revenues from postpaid devices you will note that prepaid devices, while making up 22% of the total devices, only account for 10% of total revenues received by the Board.

Wireless Remittances in Kentucky

	FY 2009	FY 2010	FY 2011
Total Wireless Remittances (\$millions)	24.5	23.9	24.8
--Postpaid (\$millions)	22.2	21.5	22.7
--Prepaid (\$millions)	2.3	2.4	2.1
% of Total Wireless Remittance--Prepaid	9.4%	9.9%	8.5%

In addition, if you compare the revenue actually collected by the CMRS Board to the revenue that would be generated if all subscribers were paying 70¢ per device per month, you will note a significant difference.

Senate Bill 119 —CMRS Board Information (continued)

The table below shows the disparity for the last three fiscal years.

	FY2009	FY2010	FY2011
Annual Subscriber County Multiplied by 70¢ -all subscribers	\$26,215,435	\$27,760,816	\$28,488,272
Actual Fees Collected -Gross	\$24,856,833	\$24,269,532	\$25,128,516
Revenues 'lost' to the System	\$1,358,602	\$3,491,284	\$3,359,756

There are two reasons for this loss of revenue. First—the 2006 amendments to the CMRS statutes allowed providers of prepaid service to calculate the 911 fee obligation differently than the postpaid calculation of 70¢ per phone per month. The method(s) used for prepaid calculation turn out to generate significantly less revenue than what would be generated if prepaid phones paid 70¢ per month.

And second—the largest provider of prepaid service (the company with the most prepaid subscribers) in Kentucky stopped remitting the 911 fee to the Board in November 2003. This company still does not collect/remit the 911 fee to the Board, except for direct sales to customers made over the internet.

The 2006 amendments allow providers of prepaid service to elect one of three options to calculate their 911 fee remittance obligation to the Board*. **These 2006 options were not intended to create a different level of support between prepaid and postpaid phones**, but that is what has occurred. Most providers of prepaid service currently remit under “Option B,” one company acknowledges using “Option A;” several companies initially continued to pay at a \$.70 per subscriber rate and of that group four have recently switched to Option B in the last year. The Board has not adopted any other method to calculate the 911 fee for prepaid by regulation so “Option C” effectively does not exist.

Options A and B calculations result in 911 revenue totals which do not equal what would be raised if prepaid subscribers were paying 70¢ per phone per month. Option B results in a prepaid device supporting the 911 system at about 39¢ per month compared to 70¢ for each postpaid device—only 55% of what a postpaid device contributes. Option A collects the right amount (70¢) from prepaid users but only collects from around 60% of the total prepaid subscribers of the provider that uses this option.

Since the adoption of the 2006 options for prepaid calculation, the Board has collected **\$16 million less** from prepaid devices than would have been collected had each prepaid device paid 70¢ per month. The disparity between the prepaid and postpaid support per phone currently costs the 911 fund an estimated \$3.5 million annually.

**The three options provided in the 2006 amendments are:*

-KRS 65.7631(1)(a), “collect from subscribers with account balances of at least 70¢ (Option A)

-KRS 65.7631(1)(b), use the formula “KY total prepaid wireless revenue, divided y 50; multiplied by 70¢ =remittance due,” (Option B)

-KRS 65.7631(1)(c), Board may by regulation establish some other fee calculation method for prepaid (Option C)

4) Options to Address the Disparity between Postpaid and Prepaid Remittance Rates

The Board's belief is that all cell phones should support the 911 system and the CMRS fund the same. The current statute has created a disparity between prepaid and postpaid devices which is significant and was not intended. There are options to address this disparity which include:

- a) Amend KRS 65.7635 (1)-- "Option B" to correct the formula.
- b) Adopt another method to collect the fee from prepaid subscribers, ie --retail point of sale.
- c) Repeal the 2006 amendments --return to the original method where providers remit \$.70 per phone per month for all cell phones, regardless of whether they use prepaid or postpaid minutes.

a) Amend KRS 65.7635 (1) (b) --The "Option B" formula is flawed in at least two ways but could be amended to result in prepaids remitting, on average, what postpaid remits. The formula uses the number 50 supposedly representing the average expenditure of money per month (ARPU) by a wireless customer to arrive at the estimated "number of subscribers" before applying the 70¢ fee. The number to use is, more appropriately, the average expenditure by a prepaid subscriber, so the calculation would generate an estimated number of prepaid subscribers. The 50 figure is too high. The ARPU figure will likely vary from year to year and does vary company by company. Locking such a variable into statute is a prime reason the disparity exists between prepaid and postpaid. The formula would need to be changed to strike '50' and replaced with a lower 'ARPU' more consistent with what the "average revenue per user" of prepaid services is in Kentucky.

Also, the meaning of the term 'total earned prepaid wireless revenue' should be defined and refined to include the more commonly understood concept of gross revenue and include Federal Lifeline reimbursements as revenue so that all providers calculate the remittance obligation in the same way.

b) Adopt Another Method for Collecting the 911 Fee on Prepaids --The wireless industry is promoting the adoption of a "retail point of sale" (POS) method for collecting a 911 fee from users of prepaid services. The proposal has retailers collect the 911 fee, either expressed as a flat fee or a percentage added on to the price of the minutes purchased (phone card) at the time the consumer makes the purchase (analogous to collecting the sales tax).

Some 20 states have adopted versions of POS, most in the last two years, and almost all have adopted a flat fee or percentage that **does not** result in prepaid supporting the 911 system the same as postpaid. That is, the flat fee or percentage applied to the retail transaction creates a disparity between prepaid and postpaid support and short changes the system.

In Kentucky, POS legislation introduced in the 2011 session of the General Assembly proposed a POS rate of 1.4%. That percentage is the same as the Option B formula and adopting it would result in the same disparity between prepaid and postpaid that exists today under Option B. The formula to determine the appropriate POS percentage needed to generate equivalent revenues is: monthly postpaid fee divided by the average revenue per user (ARPU) for prepaid subscribers. If the national ARPU of \$27.50 for prepaid is used, a POS rate of 2.55% would, at a minimum, be required to generate revenues from purchases of prepaid minutes to produce revenue equal to what would be produced if prepaid subscribers paid \$.70 per month.

Senate Bill 119 —CMRS Board Information (continued)

That percentage should be adjusted upward to account for the revenues ‘lost’ because POS laws generally take 5% ‘off the top’ to help pay for the collection process that has to be established by retailers and the state’s Revenue Department. **But note:** responses from providers to the Board’s Information Request indicate that there is prepaid ARPU for the state of Kentucky that is around \$22.25. This lower ARPU translates into a required POS percentage of 3.15% (before upward adjustment to offset costs of collection) in order to produce revenue equivalent to revenue produced by 70¢ surcharge per month.

Likewise, the flat fee proposed by the industry, (typically half of the state’s postpaid monthly fee), is inadequate to generate an equivalent amount of revenue. Rough research, to date, based on the “recharge or renewal” rates of prepaid customers indicates that the a flat fee collected per transaction must be larger than the monthly postpaid fee to result in parity. The flat fee approach would also be more regressive in that those making more frequent purchases would pay the fee more often and consequently a disproportionately higher amount of the surcharge.

The POS method, like the prepaid options in current law, would continue the act of “taxing” the same service or type of device in two different ways depending on how minutes were purchased –and would likely repeat the unintended consequence of the 2006 amendments even if POS starts with a fee or percentage that is “equivalent.” For that reason, should POS be adopted, it should include a provision allowing the Board to adjust the rate, easily, each time that the POS rate does not generate an equivalent amount of revenue or bill the providers based on market share for the difference. No state adopting POS, so far, has added this important feature. Consequently, the disparity between prepaid and postpaid support written into their legislation will shortchange their 911 fund.

c) Repeal 2006 Amendments –the ‘easiest’ solution to the disparity issue is simply to repeal the 2006 amendments that created the options for the calculation of the 911 fee for pre-pays and return to the original legislation (and intent) that had all CMRS connection pay \$.70 per month. It is easy to understand, easy to audit, and easy to remit by the existing wholesale collection method already in place and equivalent amounts of revenue per device would consistently be remitted as between prepaid and postpaid subscribers.

Moreover, the language of the original legislation has been litigated in two separate law suits with the same result—the Courts ruled that the original statutory language requires each provider of wireless service to collect/remit the 911 fee to the Board on behalf of all CMRS connections (cell phone subscribers) with no distinction between prepaid and postpaid devices or business models.

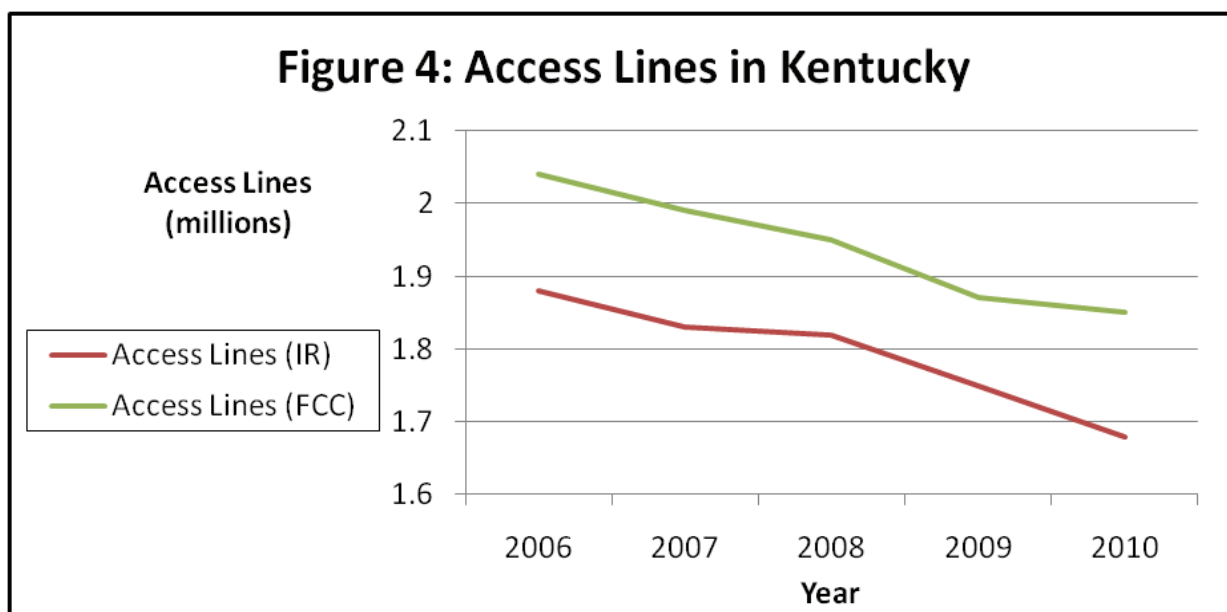
Wireline Analysis

Wireline providers gave responses related to the number of access lines (i.e. subscribers) and the amount of 911 funds collected on behalf of all local governments in Kentucky. All 20 ILECs, and what CMRS staff considers the major CLEC service providers, responded to the Information Request. It should be noted, though, that some VoIP providers were not provided the Information Request because they were not registered as CLECs. Consequently wireline providers that may be taxed locally may have been left out. An example of this type of service provider is Vonage.

1. Decreasing Number of Access Lines in Kentucky

Figure 4 shows the number of access lines in Kentucky from 2006 to 2010. To account for wireline companies that either did not respond or were not mailed the Information Request, the green line represents the FCC's number of access lines in Kentucky, according to their *Local Telephone Competition* reports*.

Not all of the access lines are taxed by local governments for wireline service*, and although all wireline providers should pay the same local tax, it appears that some CLECs may not be applying the surcharge fees as ILECs do. Consequently, it is difficult to determine how many access lines are present in certain Counties for which companies are required to collect and remit the local fee. The data in Figure 4 provides the most accurate range of access lines in Kentucky, but it is estimated that the red line more accurately reflects the amount of lines that actually pay a surcharge.



*The reports can be found at <http://transition.fcc.gov/wcp/iatd/comp.html>.

*Ten Counties in Kentucky do not have a wireline 911 surcharge.

Senate Bill 119 —CMRS Board Information (continued)

2. Wireline 911 Funds to Local Governments

Wireline companies reported in the Information Request that over calendar years 2009 and 2010 they had remitted to local governments:

- \$30.8 million in 2009
- \$29.9 million in 2010

As discussed above, some revenues may have been left out of these figures. Table 6 displays a range of estimated revenues from 2006 to 2010 to local governments in Kentucky.

A range is given because the Information Request figures may be insufficient, but the FCC count may overestimate the number of lines taxed. Note that the FCC counts **include VoIP subscriptions**, and because all VoIPs may not be taxed locally, the revenues may overestimate the amount of local funds raised through the wireline fee.

Also, the revenue estimates assume \$1.58 as the median wireline fee across all counties*. Based on 2011 PSAP Certification Survey results, the median fee of \$1.58 was used because it is more likely to indicate the effective tax rate than a calculation of the mean when accounting for population disparities in counties. The 2006 revenue total is the baseline for the loss in revenue in subsequent years. A baseline year's revenue from the 1990s or early 2000s would likely show even larger annual losses in revenues locally, however Table 6 demonstrates that the losses are significant even just observing the last 5 years.

**Table 6: Estimated Loss in Local Wireline Revenue
from 2006 in Kentucky**

Year	# of Total Access Lines [IR--FCC] (millions)	Estimated Local 911 Revenue (\$millions)	Annual Loss In Local 911 Revenue from 2006 (\$millions)
2006	1.88 (IR)-2.04 (FCC)	35.6-38.6	0
2007	1.83-1.99	34.7-37.7	0.95-1
2008	1.82-1.95	34.5-37.0	1.1-1.6
2009	1.75-1.87	33.2-35.5	2.5-3.1
2010	1.68-1.85	31.9-35.1	3.8-3.5
Total		169.9-183.9	8.3-9.3

**CMRS Board Staff asserts that determining an average wireline fee across all wireline subscribers is difficult when accounting for the differing amounts of populations in Counties across Kentucky—which all have different local wireline fees.*

Senate Bill 119 —CMRS Board Information (continued)

III. Further Plans by the Board to Conform to SB 119 Requirements

So as to comply with the August 1, 2012 deadline to report findings to the LRC, and each deadline annually thereafter, the Board plans to take further actions*. The primary action is the promulgation of administrative regulations that establish annual reporting requirements to monitor the receipt and use of 911 funds and the rate of the CMRS service charge. This will enable CMRS Board staff to gather information from local governments, state government agencies, and wireless and wireline providers on a formal and periodic basis.

In the meantime, CMRS Board staff intends to continue analyzing information provided to the Board. As a result of the Local Government Survey responses, staff will revise the Annual PSAP Survey, required of all CMRS Board certified PSAPs to retain certification, to better reflect the information needed to comply with KRS 65.7630. Staff also plan on visiting local governments and Kentucky State Police posts in order to more fully understand the governance of local, regional, and state funds when local governments enter into contracts with KSP to be the primary PSAP in jurisdictions. The Board staff has also been in communication with wireless and wireline providers to verify the accuracy of their Information Request responses.

**The CMRS Board staff recommend that the August 1st reporting deadline be moved to October 1st. This is because end of Fiscal Year figures are not available by the August 1st deadline, even the Board's own financial data.*

CMRS Grant Committee Report

Grant Committee Chairman: *Captain John Bradley*

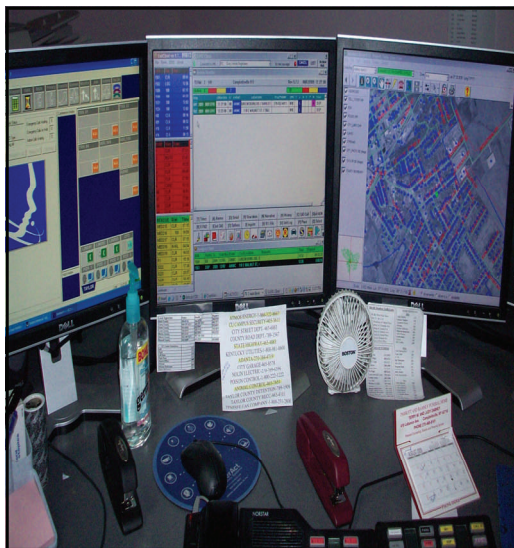
Committee Members: *Shelby Horn, Marsha Penney, Don Kiely, and Sharon Keathley*

Staff: *Tandy Hubbard*

Fiscal Year 2011 saw reduced activity for the Grant Committee. The primary reason was the decision by the Board to not have a competitive grant program similar to previous years, but to redesign a grant program to align with the demands of the State's NG911 Plan. That RFP for the network has not yet been awarded, so there is not yet a use for the coordinated grant program.

The Board did award grants during FY 2011. These were ad hoc grants awarded for "proof of concept" proposals related to aspects of Next Generation technology. They included:

- **LFUCG-Bath County**—The Board (grant amount \$125k) joined with the Kentucky Office of Homeland Security (grant amount \$50k) to provide funds to upgrade equipment in Bath County's 911 center and "prove" the workability of a small center hosted on a larger facility's network (Lexington).
- **LFUCG**—An award for a "proof of concept" testing the connectivity between the Cincinnati Bell serviced network in Northern Kentucky and the Windstream network serving Fayette County.
- **Pennyrile Project** —A previous competitive grant of \$450k to western Kentucky counties (Union, Crittenden, Livingston, and Calloway), originally intended to be a hosted/remote design using a State Police post as the host, had to be redesigned to utilize a different host site after the post withdrew from the project. No additional CMRS funds were required.
- **Hart County/KSP**—The Board approved a consolidation grant for a KSP Post and Hart County. The reimbursable, non-competitive CMRS Grants are awarded in the amount of \$200,000.



Late in the fiscal year the Board obligated one million dollars in the grant fund to a "E911 Grant" initiative. The purpose was to identify any/all counties in the state where 'enhanced' 911 does not exist (a wireline service) and design customized projects to bring E911 to those counties.

Since the creation of the CMRS Grant Fund through HB 656 in 2006, the CMRS Board has distributed \$5,355,400 in grant awards to both CMRS certified and non-certified PSAPs in efforts to improve and enhance E911 across the State and in conjunction with the spirit of KRS 65.7631.

CMRS PSAP Committee Report

PSAP Committee Chairman: *Shelby Horn*

Committee Members: *Forest Skaggs, Dale Edmondson, Steve Tracy, Malissa Carter, and Jane Barber*

Staff: *Tandy Hubbard and Krista Harrod*

Five new PSAPs were Phase II certified by the CMRS Board in Fiscal Year 2011: Union County, Bell County, Crittenden County, Calloway County, and Livingston County. Currently, a total of 111 PSAPs maintain CMRS certification with the CMRS Board of which 16 are Kentucky State Police Posts.

For Fiscal Year 2011, quarterly PSAP Pro Rata payments totaled \$8,789,346 and quarterly PSAP Volume payments were \$8,789,347.

The PSAP Volume payment is based on the total wireless subscribers reported in a PSAP's jurisdiction and is distributed on the 1st of the payment quarter month.

The PSAP Pro Rata payment is distributed on the 15th of the payment quarter month and is an equal payment each certified PSAP receives determined by dividing the number of wireless PSAPs eligible for payment into the revenue received in the Pro Rata account during the quarter.



PSAP payment months are February, May, August and November and payments are calculated based on remittances received in the most recently closed calendar quarter.

As of June 30th, 2011, \$122,220,586 has been distributed to PSAPs since 2001 through the certified PSAP payment program. During the first full year (FY 2002) of CMRS Pro Rata payments, the Pro Rata payment to certified PSAPs averaged \$9,018. In FY 2011, the Pro Rata payment to certified PSAPs averaged \$19,796-an increase that can be attributed to the reapportionment of funds outlined in HB 656 as well as an increase in revenue to the CMRS Board as a result of the rise in popularity of wireless devices, and ultimately wireless subscribers in Kentucky.

The CMRS Board conducted CMRS Geo-Audits of all certified PSAPs during Calendar Years 2008 and 2009. Of the 104 PSAPs audited to date, 47 PSAPs failed the audit. Upon notification of a non-passing Geo-Audit, the PSAP Committee worked with these PSAPs to create a reasonable plan of action for correcting the issues contributing to not meeting the audit requirements and required each PSAP to identify a firm date that they will be ready for re-audit. To date, all PSAPs who have been re-audited have passed. According to 202 KAR 6:100 (5) (4), "A PSAP shall be decertified if it fails a re-audit."

CMRS Cost Recovery Committee Report

Committee Members: *David Lucas, Chuck Willis, Jennifer Jackson, Mitch Mitchell and Paul Nave*

Staff: *Tandy Hubbard*

The CMRS Board's Cost Recovery Committee is charged with reviewing plans submitted by wireless Carriers doing business in the Commonwealth for the build out and compliance with the FCC order outlining wireless E911 service requirements. Carriers are eligible for reimbursement by the CMRS Board for both non-recurring and recurring expenses for "designing, upgrading, purchasing, leasing, programming, testing, installing and maintaining all necessary data, hardware and software required in order to provide wireless E911 service" in accordance with KRS 65.7631.

Although other companies participate in the Cost Recovery Program, \$5,754,534.76 in approved cost recovery reimbursements were distributed amongst 4 wireless providers in Fiscal Year 2011, the Board's Cost Recovery Program:

*AT&T Wireless
Cricket Communications
Ntelos
Sprint*

A total of \$65,724,916.78 in approved cost recovery reimbursements have been distributed since the first cost recovery payment was released in 2002.

As of the June 30, 2011 CMRS Board meeting, the CMRS Board currently has \$12,735,840.59 worth of approved cost recovery invoices it has not paid. It has been estimated that a cost recovery invoice received today would not be paid in full by the CMRS Board for nearly 3 years.

At its final meeting of FY 2011, the Board voted to table consideration of newly submitted carrier invoices as a prelude to a comprehensive review of the Cost Recovery Program and the discrepancy between available funds and requested reimbursements.



CMRS Standards Committee Report

Standards Committee Chairman: *David Lucas*

Committee Members: *Captain John Bradley, Richard Guittar, Forest Skaggs, Joe Barrows, Jerry Keathley, Don Kiely, Mitch Mitchell, Derek Nesselrode and John Patterson*

The Standards Committee continued to focus on developing the two RFPs necessary to implement the Kentucky 9-1-1 State Plan and the goals outlined in the ENHANCE 911 ACT grant.

The NG 9-1-1 Network RFP developed by our consultants calls for a vendor to procure the network elements necessary to stand up a private, managed, secure IP enabled network (ESInet) to transport 9-1-1 calls. It also calls for the winning bidder to procure space for NG applications in two Tier 4 data centers and to provide Network Operations Center services to monitor the network.

The Committee also has reviewed the NG Applications RFP draft from the Board's contracted RCC Consultants.

Additionally, pursuant to implementing the state plan, the Committee has made several recommendations (which were approved) to the CMRS Board including developing "Proofs of Concept" that will establish a test link between Cincinnati Bell's IP network and Windstream's KPEN network and a second one between Bluegrass Cellular and Windstream's KPEN network. All of the networks serve 9-1-1 PSAPs.

The Standards Committee is also engaged in reviewing all ad hoc grant proposals for the E911 grant commitment.



CMRS Audit Committee Report

Audit Committee Chairman: *Chuck Willis*

Committee Members: *Joe Barrows and Marsha Penney*

Staff: *Tandy Hubbard and Krista Harrod*

KRS 65.7629 directs the CMRS Board to retain an independent certified public accountant to audit the books of the Board, CMRS providers and PSAPs to verify the accuracy of collection and disbursement of the CMRS service charge.

The Board Audit Committee works with the Auditor to establish the methodologies and selection criteria to be used by the Auditor in conducting the audits of selected PSAPs and Providers.

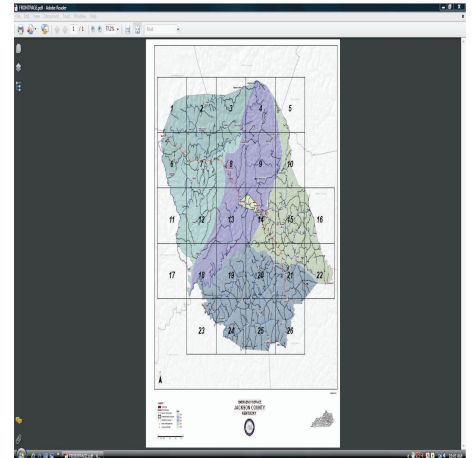
Upon receipt of audit reports, the Audit Committee reviews the findings for the purpose of recommending Board action to address any compliance issues.

During the last meeting of FY 2010, the Board received five audit reports from our contract auditor. The committee reviewed those reports and made recommendations for action to be taken for “findings” by the auditor.

In the PSAP audit there were two findings of expenditure of CMRS funds that were not in conformance with allowable uses for CMRS that were addressed. In both cases, at the Board’s request, the funds were restored to the local 911 fund account without protest from the local government.

In the “carrier” audit report one carrier was found to have not collected the 911 surcharge on some federal government phone accounts. The administrator’s research revealed precedent in other states “exempting” federal offices from paying the state 911 surcharge. Remedial action was not taken.

This was the final year for the existing contract for audit services. The audit committee is preparing an RFP to select a new contract auditor.



CMRS AND 911 By The Numbers

CMRS Board

- 111.....# of PSAPs Certified by the CMRS Board in Kentucky, including 16 Kentucky State Police Posts
- 49.....# of non-certified PSAPs (Universities, Secondary PSAPs, Airports . . .) (estimate)
- 31.....# of Counties served by the Kentucky State Police for wireless 911 call taking as of June 30th, 2011
- 47.....# of Certified CMRS PSAPs that failed the Geo-Audit
- 100%.....Passing percentage of CMRS Geo Re-Audits

MONEY IN (WIRELESS)

- 39.....# of Wireless Providers remitting 911 fees to the Board
- \$15,722,209.....Total CMRS Board receipts in FY 2001
- \$17,621,358.....Total CMRS Board receipts in FY 2006
- \$24,777,652.....**Total CMRS Board receipts in FY 2011**
- \$2,062,632.....Average monthly receipts in FY 2011
- \$619,454.....Total deposited into the CMRS Admin account in FY 2011

MONEY IN (WIRELIN)

- 110/10.....# of Counties with/without local wireline 911 fees
- \$.50-\$4.50.....Local wireline fee range in Kentucky
- \$35,012,000.....Amount of revenue generated by wireline 911 fee, according to the results of the last 2011 PSAP Survey

CMRS AND 911 By The Numbers (continued)

MONEY OUT

- \$8,586.13..... Value of a PSAP Pro Rata payment in May 2001
- \$14,981..... Value of a PSAP Pro Rata payment in May 2006
- **\$20,010.55.....Value of a PSAP Pro Rata payment in May 2011**

- \$8,789,345.....Total PSAP Pro Rata payments released in FY 2011
- \$8,789,347.....Total PSAP Volume payments in released in FY 2011
- \$122,220,586.....Total paid to certified PSAPs since the inception of the CMRS PSAP payment program through FY 2011

- \$5,730,399.....Total CMRS Grant awards since the inception of the CMRS Grant program in 2006

- \$65,724,916.....Total Cost Recovery Fund distributed to wireless carriers

- 57.....# of Counties with CMRS Grant recipients

- 5.....# of CMRS Consolidation Grant awards

WIRELESS WORLD

- 1,281,177.....Total wireless subscribers in KY as of June 2001
- 2,539,195.....Total wireless subscribers in KY as of June 2006
- **3,383,674.....Total wireless subscribers in KY as of June 2011**
(total population of Kentucky = 4,314,113)

- 302,900,000.....Estimated total of wireless subscribers nationally
- 22.....% of wireless subscribers that are prepaid (estimate)
- 26.6.....% of households now wireless only

- 296,000.....# of wireless 911 calls nationally per day
- 6,186.....# of wireless 911 calls in Kentucky per day (estimate)

KENTUCKY 911

- 1,187,570.....# of wireline 911 calls in Kentucky in FY 2011
- 2,237,309.....# of wireless 911 calls in Kentucky in FY 2011
- 117.....# of 911 authorities with Enhanced 911
(98.6% of population)
- 6.....# of 911 authorities that are limited to Basic 911
(1.4% of population)

Financial Report

The CMRS Board collected nearly \$24.5 million in remittances from wireless Carriers doing business in the Commonwealth during Fiscal Year 2011, a 3% increase over the previous year's revenues.

Wireless Carriers reported a total of 3,594,135 wireless subscribers with billing zip codes in Kentucky for the month of March 2011, in comparison, a total of 3,461,449 were reported for the same month in 2010-an increase of nearly 3.5%.

A variety of Personal Service Contracts were approved by the CMRS Board to carry out requirements of the Board outlined in both administrative regulations and statutes. These are:

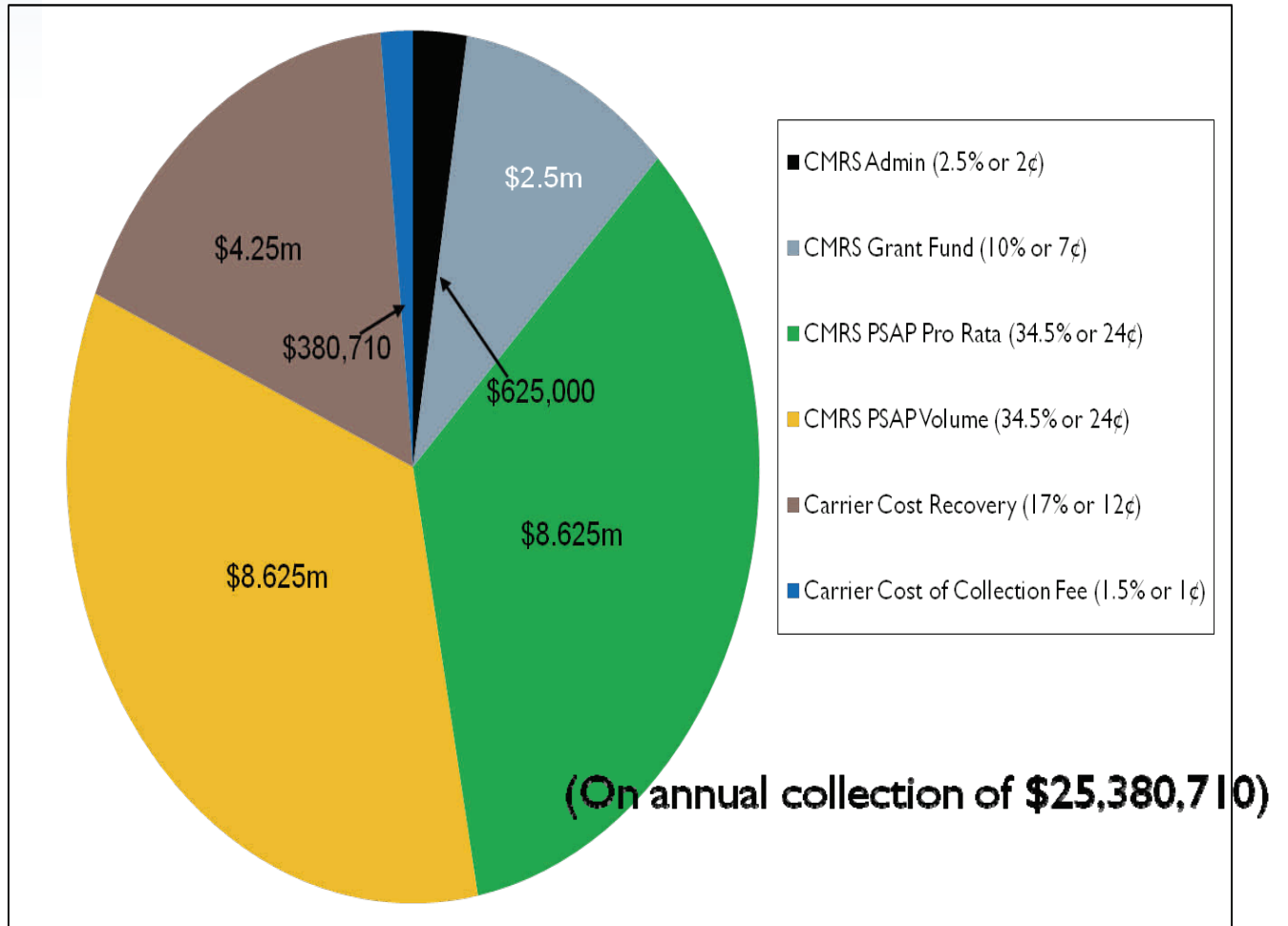
- ♦ Goldberg and Simpson-\$198,900 was expended from the CMRS Administrative Account to support legal services provided by the law firm of Goldberg and Simpson for litigation against prepaid wireless providers not remitting the wireless E911 surcharge to the CMRS Board for their customers in the Commonwealth.
- ♦ Stantec Consulting-\$27,674.17 in CMRS Administrative dollars were used to re-audit CMRS certified PSAPs that did not pass their initial mandated CMRS Geo-Audit.
- ♦ RCC Consultants-\$28,839.10 were paid for services rendered in assisting the Board with the development of the RFPs needed to implement NG911 in Kentucky as described in the approved State 911 Plan.
- ♦ Boehl, Stopher and Graves-\$10,000 in CMRS Administrative funds were expended for the Board's Liability Insurance Deductible (T-Mobile litigation).

CMRS Board-FY 2011 Total Expenditures by Fund

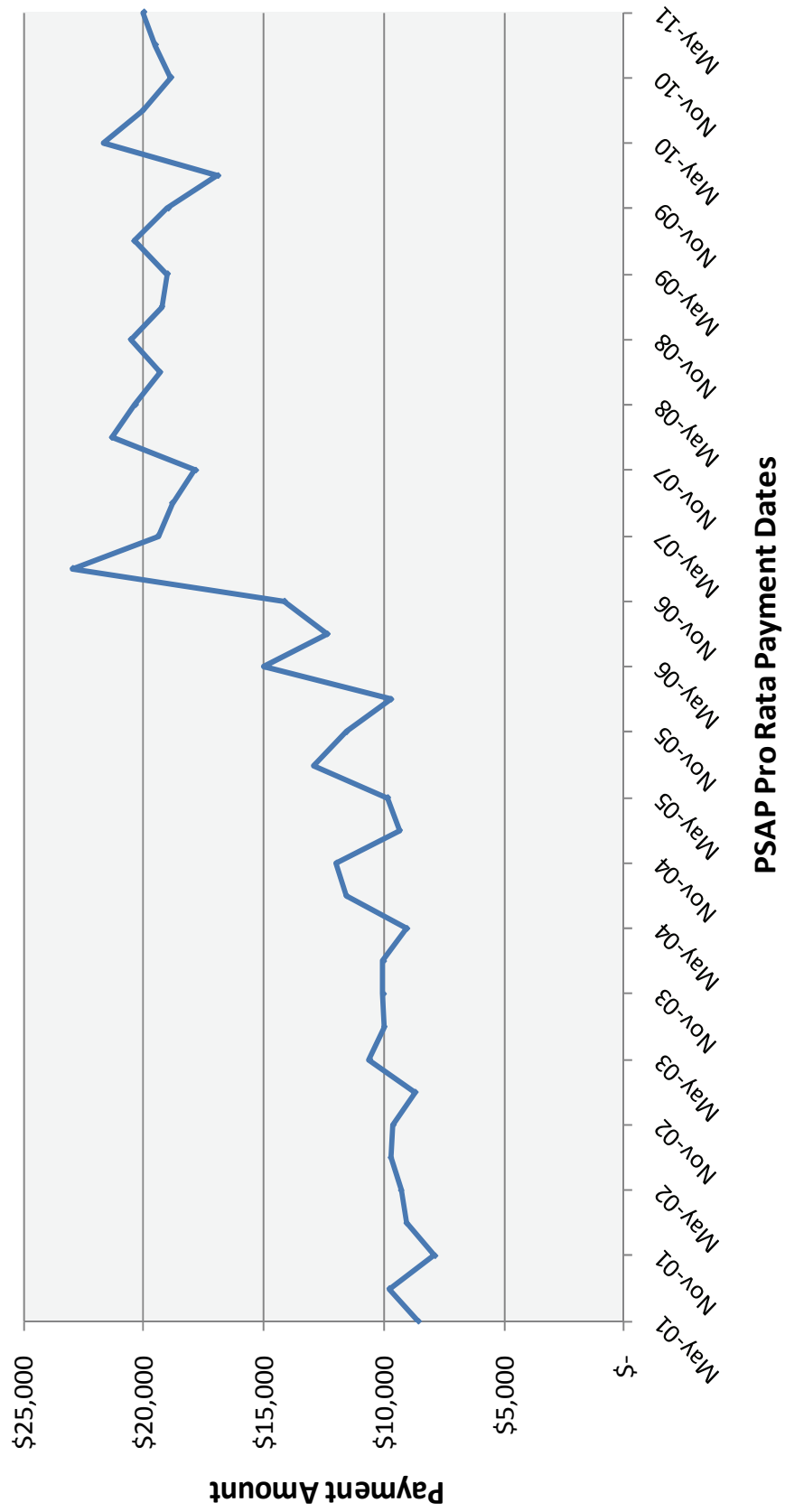
CMRS Admin	\$537,180
CMRS Grant	\$911,729
CMRS Provider	\$5,754,534
PSAP Pro Rata	\$8,789,346
PSAP Volume	\$8,789,347

Appendix A

CMRS Wireless Surcharge Apportionment (\$0.70)



CMRS PSAP Pro Rata Payments



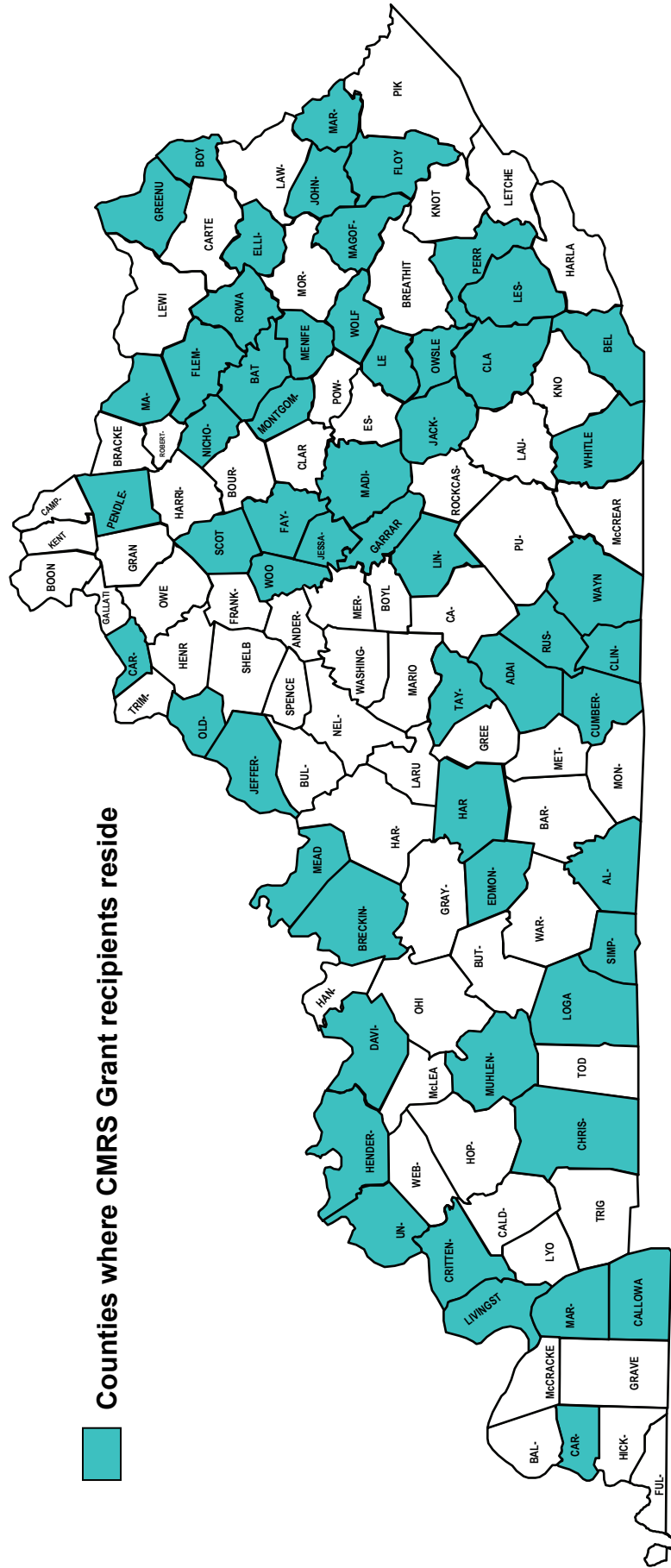
Appendix C

CMRS Grant Program– Master Ledger

Year	Recipient	Award Amount
2010	LFUCG/ Bath County	\$175,000
2009	Carroll County Fiscal Court	\$22,580
2009	City of Campbellsville	\$136,334
2009	City of Henderson	\$55,573
2009	City of Paintsville	\$85,173
2009	Daviess County Fiscal Court	\$31,000
2009	Daviess County Fiscal Court	\$10,334
2009	Greenup County Fiscal Court	\$6,559
2009	Hopkinsville-Christian County	\$226,621
2009	Jackson County Fiscal Court	\$34,907
2009	Menifee County Fiscal Court	\$32,055
2009	Muhlenberg County Fiscal Court	\$112,896
2009	Regional Public Safety Comm.	\$40,216
2009	Whitley County Fiscal Court	\$166,696
2008	Allen County Fiscal Court	\$17,548
2008	Bell County Fiscal Court	\$22,233
2008	Breckinridge County Fiscal Court	\$18,388
2008	City of Campbellsville	\$35,214
2008	City of Georgetown	\$60,076
2008	City of Owensboro	\$62,065
2008	City of Prestonsburg	\$22,091
2008	Jessamine County E911	\$32,908
2008	Jessamine County E911	\$19,952
2008	KSP	\$32,788
2008	LFUCG	\$177,015
2008	Logan County Fiscal Court	\$139,173
2008	Menifee County Fiscal Court	\$68,549
2008	North Pennyrite E911 Board	\$435,912
2008	Oldham County Fiscal Court	\$146,000
2008	Pendleton County Fiscal Court	\$159,637

Year	Recipient	Award Amount
2007	City of Anchorage	\$15,000
2007	City of Carlisle	\$52,000
2007	City of Morehead	\$87,652
2007	City of Paintsville	\$45,950
2007	Cumberland Valley ADD	\$45,040
2007	Elliott County Fiscal Court	\$82,000
2007	Fleming County Fiscal Court	\$52,245
2007	Greenup County Fiscal Court	\$27,000
2007	Lake Cumberland ADD	\$88,820
2007	LFUCG	\$147,457
2007	Marshall County Fiscal Court	\$24,101
2007	Meade County Fiscal Court	\$78,475
2007	Mt. Sterling	\$66,988
2007	Pendleton County Fiscal Court	\$19,707
2007	Regional Public Safety Comm.	\$8,980
2007	Simpson County Fiscal Court	\$38,476
2007	Wolfe County Fiscal Court	\$31,710
2006	Bell County Fiscal Court	\$37,461
2006	Carlisle County Fiscal Court	\$179,969
2006	CVADD on behalf of Clay County	\$69,263
2006	Edmonson County Fiscal Court	\$130,000
2006	KY River ADD	\$284,280
2006	Lake Cumberland Area Dev.	\$350,000
2006	Magoffin County Fiscal Court	\$19,500
2006	Martin County Fiscal Court	\$199,142
2006	Reg. Public Safety Comm. Center	\$23,767
Consolidation Award	Bluegrass 911 Central Communications	\$200,000
Consolidation Award	Campbell County/Covington	\$200,000
Consolidation Award	City of Owensboro/Daviess County	\$200,000
Consolidation Award	Hart County/ Kentucky State Police	\$200,000
Consolidation Award	Madison County/Berea	\$200,000

CMRS Grant Recipients 2006-present



as of August 2010

Appendix E

Wireline Surcharge Fees in Kentucky Counties 2011

These figures represent the most recent results of the PSAP surveys conducted by the CMRS Board.

Adair	2.00
Allen	1.50
Anderson	1.89
Ballard	1.00
Barren	1.00
Bath	3.00
Bell	2.29
Boone	2.52
Bourbon	3.00
Boyd	*
Boyle	0.50
Bracken	2.50
Breathitt	1.25-1.50
Breckinridge	1.00
Bullitt	1.00
Butler	2.00
Caldwell	1.50
Calloway	1.00
Campbell	3.00
Carlisle	3.00
Carroll	1.25
Carter	1.58
Casey	1.75
Christian	0.75
Clark	3.00
Clay	0.00
Clinton	2.50
Covington	4.00
Crittenden	0.60
Cumberland	4.00
Daviess	1.25
Edmonson	2.00
Elliott	1.00
Erlanger	4.25
Estill	3.00
Fayette	2.28
Fleming	4.00
Floyd	0.99-1.30
Floyd Residential	0.99
Frankfort	1.00
Fulton	1.00
Gallatin	2.00
Garrard	3.00
Grant	2.00

Graves	1.00
Grayson	2.38
Green	2.00
Greenup	2.50
Hancock	0.98
Hardin	2.49
Harlan	1.25
Harrison	4.00
Hart	1.50
Henderson	2.50
Henry	1.00
Hickman	1.00
Hopkins	0.32
Jackson	3.00
Jefferson	0.79
Jessamine	2.25
Johnson	1.73
Kenton	2.76
Knott	1.25-1.50
Knox	1.25
Larue	2.75
Laurel	2.50
Lawrence	1.95
Lee	1.07
Leslie	1.50
Letcher	1.25-1.50
Lewis	3.50
Lincoln	3.00
Livingston	0.60
Logan	2.00
Lyon	0.60
Madison	3.50
Magoffin	0.99-1.30
Marion	0.00
Marshall Business	2.50
Marshall Residential	1.50
Martin	0.99-1.30
Mason	1.70
McCracken	1.50
McCreary	0.00
McLean	2.25
Meade	1.00
Menifee	2.00
Mercer	0.80

Metcalfe	1.00
Monroe	1.50
Montgomery	3.00
Morgan	1.00
Muhlenberg	2.00
Nelson	0.50
Nicholas	0.00
Ohio	2.70
Oldham Business	3.40
Oldham Residential	2.00
Owen	1.00
Owensboro	1.25
Owsley	1.00
Pendleton	2.50
Perry	1.75
Pike	0.99-1.30
Powell	4.00
Prestonsburg Business	1.99
Prestonsburg Residential	0.99
Pulaski	0.00
Robertson	0.00
Rockcastle	2.00
Rowan	1.25
Russell	0.00
Scott	0.50
Shelby	2.99
Simpson	2.00
Spencer	0.00
Taylor	1.00
Todd	2.25
Trigg	1.25
Trimble	0.00
Union	0.60
Warren	0.68
Washington	1.00
Wayne	0.00
Webster	2.00
Whitley	2.00
Wolfe	**
Woodford	3.50
*17% of base telephone rate	
**3% of property tax	

Appendix F

CMRS Board Account Activity Summary—Fiscal Year 2011

	Provider
Beginning Balance	\$2,023,779
Carrier Deposits	\$4,331,524
Interest Deposits	\$4,561
Disbursements	-\$5,754,535
Adjustments	\$95,653
Ending Balance	<u>\$700,982</u>
	Pro Rata
Beginning Balance	\$2,186,449
Carrier Deposits	\$8,663,049
Interest Deposits	\$9,122
Disbursements	-\$8,789,346
Adjustments	\$191,305
Ending Balance	<u>\$2,260,580</u>
	Volume
Beginning Balance	\$2,186,449
Carrier Deposits	\$8,663,049
Interest Deposits	\$9,122
Disbursements	-\$8,789,347
Adjustments	\$191,305
Ending Balance	<u>\$2,260,579</u>
	Administrative
Beginning Balance	\$97,901
Carrier Deposits	\$618,803
Interest Deposits	\$652
Disbursements	-\$537,180
Adjustments	\$0
Ending Balance	<u>\$180,175</u>
	Interest
Beginning Balance	\$0
Carrier Deposits	\$0
Interest Deposits	\$26,451
Transfers	-\$26,064
Adjustments	<u>\$0</u>
Ending Balance	<u>\$387</u>
	Grant Fund
Beginning Balance	\$3,695,122
Carrier Deposits	\$2,475,164
Interest Deposits	\$2,606
Disbursements	-\$911,729
Adjustments	-\$465,233
Ending Balance	<u>\$4,795,930</u>
	-
Total Fund Balance	<u>\$10,198,632</u>
FY 11 Carrier Collections	\$24,751,589
FY 11 Interest Posted	<u>\$26,064</u>
Total Collected	<u>\$24,777,652</u>

Appendix G

CMRS Administrative Fund Revenue/Expense Statement FY 2011

	Revenue / Expense	CMRS Admin Budget
REVENUE		
Carrier Receipts	\$ 618,802	
Interest Posted	\$651	
<u>Total Income</u>	<u>\$619,454</u>	
EXPENSES		
<u>CMRS Direct Staff Expenses</u>		
Staff Salaries/Fringe	\$204,193	\$216,948
NG Project Manager % Salary/Fringe	\$12,942	\$22,600
Unemployment Compensation	\$7,346	\$11,000
Workers Compensation	\$0	\$300
<u>CMRS Administrative Expenses</u>		
Employee Training	\$495	\$4,000
Prison Labor	\$325	\$500
Postage	\$99	\$250
Printing	\$984	\$250
Utilities	\$7,931	\$7,610
Rent	\$15,906	\$16,006
COT/Telephone/Conf bridge	\$4,891	\$11,400
Telephone-Wireless	\$1,212	\$1,930
Computer Equipment	\$852	\$1,000
kentucky.gov services	\$1,326	\$2,000
Office Supplies etc.	\$2,320	\$3,000
Copy Machine Supplies/rental	\$3,907	\$4,000
Dues/Subscriptions	\$780	\$600
Furniture/Office Equip	\$0	\$5,000
Travel Employee	\$10,333	\$11,500
Carpool	\$1,287	\$4,000
Administrative Charges from KOHS		\$500
Other		\$0
<u>CMRS Board Expenses</u>		
Liability Insurance	\$8,896	\$9,000
Food	\$555	\$1,250
Travel Non-Employee	\$14,002	\$16,000
<u>CMRS Administrative Personal Service Contracts</u>		
Legal	\$208,900	\$100,000
Centerline Mapping Project	\$0	\$0
Financial Audit	\$0	\$80,000
Geo-Audit	\$27,674	\$50,000
<u>Total Expenses</u>	<u>\$537,156</u>	<u>\$580,645</u>
<i>Net Increase (Decrease)</i>	<i>\$82,298</i>	
Current Cash Balance in Administrative Account (Includes funds allocated from the CMRS Interest Account)	\$180,175	